GOVERNMENT OF INDIA
FINANCE
LOK SABHA

STARRED QUESTION NO:103
ANSWERED ON:24.10.2008
COMPLAINT AGAINST BANKS
Yerrannaidu Shri Kinjarapu

Will the Minister of FINANCE be pleased to state:

(a) the details of the complaints-redressal mechanism availlable with banks;

(b) whether the Government has formulated any mechanism to settle a majority of complaints against the public sector banks in a time-bound manner;

(c) if so, the details therof;

(d) whether the Government proposes to take action against those banks which do not address such complaints expeditiously;and

(e) if so,the details thereof?

Answer

FINANCE MINISTER(SHRI P. CHIDAMBARAM)

(a) to (e) A statement is laid on the Table of the House.

STATEMENT FOR LOK SABHA STARRED QUESTION NO.103 FOR 24TH OCTOBER, 2008 REGARDING COMPLAINT AGAINST BANKS,TABLED BY SHRI KINJARAPU YERRANNAIDU

(a) to (e):- For an effective complaint redressal mechanism and for strengthening of customer service in Banks,Reserve Bank of India (RBI) has prescribed a four tier institutional arrangement consisting of
(i) Customer Service Committee of the Board,
(ii) Standing Committee of Executives on Customer Service,
(iii) a nodal department/official for customer service at the Head Office and Controlling Offices, and
(iv) a Customer Service Committee at the branch level.

RBI vide their Circular dt. May 02, 2008 have advised all scheduled commercial banks to ensure that a suitable mechanism exists for receiving and addressing complaints from customers/constituents with specific emphasis on resolving such complaints fairly and expeditiously regardless of the source of the complaints. These guidelines,inter-alia,stipulate that all the banks have a system of acknowledging the complaints, fix a time frame for resolving the complaints, ensure that redressal of complaints emanating from rural areas and those relating to financial assistance to Priority Sector and Government`s Poverty Alleviation Programmes also forms part of the above process. Indian Banks` Association (IBA), in order to facilitate uniform implementation of `Code of Commitment by Banks to Customers formulated by Banking Codes and Standards Board of India (BCSBI) has issued a model policy on grievance redressal in banks to ensure that a suitable mechanism is set up for receiving and addressing complaints from its customers/constituents with specific emphasis on resolving such complaints in a time bound manner. Further, IBA has advised that banks should give wide publicity to the grievance redressal machinery through advertisements and also by placing them on their web sites, etc.

The Banking Ombudsman Scheme has been notified by RBI in terms of the powers conferred under the Banking Regulation Act. 1949. The objective of the Scheme is to provide for a system of redressal of grievances against banks.The Scheme is in operation since 1995 and has been revised during the years 2002 and 2007.There are 15 Banking Ombudsman Offices,located throughout the country.Banking Ombudsman is an independent body with powers to settle grievances quickly and inexpensively.The Banking Ombudsman receive and consider complaints relating to the deficiencies in banking or other services and facilitate their satisfaction or settlement by agreement or through conciliation and mediation between the bank concerned and the aggrieved parties or by passing an Award in accordance with the Scheme within its jurisdiction.RBI vide their Notification dated December 26, 2005 directed all commercial, regional rural and scheduled primary co-operative banks to comply with the Banking Ombudsman Scheme,2006.